

WORK LINK

A PUBLICATION FOR WORKER
CO-OPERATIVES IN N.S.W.

Volume 2, Number 1, July 1981. Price 50 cents

Model Rules for Worker Co-operatives

Over recent weeks the legal sub-committee has been considering the many legal issues facing the development of worker co-operatives. Special consideration is being given to the designing of a model set of rules within which worker co-operatives can operate.

Many reasons exist for developing a model within which different groups can work. Apart from the novelty of the worker co-operative scheme in N.S.W., there is the inadequacy of existing rules and the restrictive nature of relevant legislation. Reports to the sub-committee suggest a strong desire for the clarification of objects and priorities within the Worker Co-operative Movement as well as a real need for defining the rights and responsibilities of members within each co-operative. It is to be hoped that any proposed model will be flexible enough to allow individual groups to design a co-operative work system that reflects their own ideas about the co-operative spirit. However, several of the problems which seem to be common to all groups must be looked at in general terms. Some of these include areas that have not been dealt with to-date and it is vital to realise that new ground is being tested in many instances.

1. The Objects:

There is no doubt that a major obstacle to the development of worker co-operatives is their "identity crisis" and this is often reflected in the objects of the organisation. Questions asked here include, are we a business that happens to like the unemployed?, are we a business that happens to be co-operative or are we a community employment group that happens to run a business? etc. The objects of each co-operative will depend on the aims and interests of those in each group. However, there are several primary objects that all groups must consider:-

- i) the provision of employment
- ii) the provision of training in the skills necessary for employment
- iii) the provision of co-operative services

- iv) the promotion and development of business enterprises based on co-operative principles.

In order to clarify its objects a co-operative group must look to its own nature and interests; for example, a group of businessmen may form a co-operative to **sponsor** employment projects but, a group of workers may form a co-operative to **regulate** their affairs and also promote other co-operatives.

2. Membership:

The question as to who should be members of a particular co-operative has caused much concern for many groups. Several common alternatives exist each with attendant problems:-

- 1) Workers only — but how do you adequately define a worker and where do you get the skills you need?
- 2) Workers and people with special skills — but how do you ensure fair worker participation?
- 3) Workers and anyone interested in promoting the co-operative — but how do you fairly evaluate contributions to the co-operative.

It is suggested that the first is the best choice for a true worker co-operative. As a Board of Directors can only delegate its power to Directors, it is not possible for a Board made up of workers to delegate authority to anyone who is not otherwise a director and consequently if they require access to skills they don't have they need very strong community links. It is possible to provide in your rules that the Board may invite outsiders to attend meetings provided that, no voting or delegated authority is given to these people.

If it is possible to make membership of the co-operative dependent on being a worker. This can be done in a number of ways; for example, in order to qualify for membership a person might have to be eligible to draw advances for work contributed to the co-operative. Eligibility might depend on the Board's ability to supply that person with work.

The amount of work contributed could be specified in the rules, or preferably, left as a matter of internal regulation dependent upon the persons work area.

3. Member Investment:

Many groups have a very low nominal share value and some hope to rely on some form of the Mandragon stake investment concept. It is suggested that either of these alternatives or even a combination of both are unsatisfactory. Share values should be as high as possible and the concept of stake investment should only be regarded as an internal financing arrangement.

The reasons for this approach are several:-

- i) High capital risk is desirable for worker commitment
- ii) A co-operative's capital depends on the value of issued shares
- iii) Potential lenders, and in some cases, licensing authorities, look to capital for security of investment
- iv) Present staking systems are in fact only loans and therefore liabilities of the co-operative
- v) Member financing by way of stake is valuable as a form of liquidity or super fund but not as capital.

By placing a high nominal value on shares with regular subscription calls (a deposit of ten per cent is payable on allocation) it is possible to have both a solid capital base and genuine worker investment. The use of subscriptions enables a worker to pay off his share and can act as a probationary period for new members.

4. Co-Operative Authority:

Theoretically, absolute power within a co-operative rests with the members at a general meeting. However, the very act of incorporation serves to delegate most of that power to the Board. Some specific powers are reserved to the general meeting by statute (eg. power to remove a director or member) and it is possible, by the rules, to restrict the other powers by reserving them to the general assembly.

The Board can be given power to delegate its power, but only to a director or committee of directors. This area should be treated with caution for the power of delegation is a very wide power and once given, allows directors very free range. Naturally, where a group has highly skilled directors such a power can be in the best interests of the co-operative. In real terms then, the Board has in fact power to manage the co-operative with all the attendant responsibilities. The election of directors is a most serious step for in

cont'd page 2

many cases their decisions cannot be overruled, even by a general meeting. The basic issue is one of balancing the administrative needs of the co-operative with the rights of individual members.

It is possible to cause the affairs of different groups within the co-operative to be managed and regulated in different ways suitable to each group. This can be done by way of by-laws passed by the Board or by a charter of association entered into between the Board and the members of a particular division. It is also possible to allow for election of directors on a group representative basis; but only the general assembly can remove a director.

It must be understood that the directors of a co-operative have a very strict liability to members for the performance of their duties. The board of directors must act in the interests of the co-operative and the directors themselves are in a fiduciary relationship to the co-operative.

Many other legal aspects are worthy of detailed consideration but space prohibits us going on at this stage. If anyone would like more information please phone 969 1104.

Perhaps more next issue,
Pipeline Collective Management Services
Grant Kearney L.I.B.

Manning Work Co-operative Ltd

With warehouse style accommodation on the edge of Taree Showground the Manning Work Co-operative (named after the river upon which the township is situated on the mid North Coast of N.S.W.) has been operating since the middle of 1979, first under a Local Development Committee and then, when registration was achieved in September 1980, as a Community Advancement Co-operative with a member elected Board.

The Co-operative is presently operating three enterprises:-

- 1) Animal rugs — for draught horses, horses and goats
- 2) Forestry products - tea tree and fence posts, landscaping supplies and plant harvesting
- 3) Cartage and transport — general freight.

Eight members are employed in these enterprises at present. With increasing turnover, growth promises not only to secure these jobs (pay unfortunately at the moment is mostly by piece rates) but create further employment opportunities for new members. Quality and production control are now satisfactory and growth will be assured

with more aggressive marketing. (Like most Worker Co-operatives we are good at turning out quality products and services, but we are always in need of more customers).

The Co-operative has been operating since last October without a hired professional Manager. However, a new Manager (Larry Page) will be starting at the end of July with the prime purpose of tightening financial control and expanding markets. A good, new money making enterprise will be need if we are to cover overheads by June, 1982, and current turnover will need to be tripled at least. Below is a report from the Co-operative Office Secretary, Jan Thomas.

Surprise! Surprise! Taree's Work Co-operative is going better than ever despite some minor problems and our quiet, low profile image. Being without a Development Manager since October last year has certainly been testing but I must say we have all come through with flying colours.

Cliff, our Foreman is managing our Bush products, drives our 8 ton truck and arranges paddocks, does maintenance of all vehicles and generally does the work of three men. Ann, our girl in charge of the Horserug Department handles sewing, cutting, ordering, staff and everything connected with that Department and is also our worker representative on the Board. We have three other male members in the bush and an additional two girls in the Horserug Dept. Our horserugs are distributed throughout N.S.W. The greatest demand for our bush products is the Sydney metropolitan area.

Being the Secretary without a Development Manager, my duties are very different to say the least. Although it is a lot of hard work and at times very trying, it has also been very rewarding and I have certainly gained a lot of experience and pleasure from my work.

We have been very fortunate at Taree to have a good Community Board who have been very closely involved over the last 10 months since our formation meeting. We have not managed as Board, Management and workers, but as a Co-operative group. I think individual working members have had to become more involved and accept more responsibility because of the lack of a Development Manager. The Board and the members have worked together as one unit to the benefit of the Co-operative.

To manage our existing areas, our members have done exceptionally well, however we do feel we now need a Projects Officer to expand the areas we have, and to create new enterprises. (Customers we do need — if you are interested in any of our range of products, please call me on (065) 524880).

After attending the last Development Managers conference in Sydney (which I thoroughly enjoyed) I came back to Taree feeling that most of the Worker Co-ops seem to have the same type of problems which seem to be communication and information problems leading to divisions like: Sydney — B.O.D. — Manager — Workers. I feel that here at Taree we have overcome a lot of these problems by having a group cohesiveness in our Co-op, combined with good relationships with other Co-ops and the support services in Sydney.

We feel that here at Taree, The Manning Work Co-operative Ltd is a Co-operative in the true sense of the word and therein lies our success.

On behalf of the members:

JAN THOMAS

Secretary

P O Box 18

Taree, 2430

HUMAN RELATIONS IN THE CO-OPERATIVE

(from: *The Co-operative Way — Practical advice on self management in Worker Co-operatives: Antoine Antoni (Secretary General, French Confederation of Worker Co-operatives) 1 COM Pamphlet No 8, 1980*)

A) Welcoming and Recruiting Co-op Members

Every co-op finds itself hiring workers who have never heard about the co-operative movement. The behaviour of these people towards their new enterprise will largely depend on their first impressions. If they feel it's just another job they will behave like employees. If, on the other hand, they can be made to understand from the very first day that they have joined an enterprise run by and for the workers this first contact will be the start of their initiation into the way of co-operation. What is needed is not a great flood of propaganda, which would only cause a feeling of scepticism or bitterness, but simply an explanation to the new arrival of the origins, features and objectives of the co-op. This could be put down in writing, not necessarily a lavish introductory briefing but perhaps just a roneoed sheet of paper. It is better if this document is handed over by someone who has the responsibility of commenting briefly on it. It is best of all to appoint a co-op member from the same workshop or division whose special task it will be to take an interest in the newcomer and to interest him in the co-op.

B) How to Recruit?

A co-op cannot consider non-member workers merely as contributors of labour. Not only do they have a right to share profits and to receive social

Attention all Workers

Workshop for Co-operative Workers

You should by now have been notified of the proposed workshop to be held in October (dates to be set) for co-operative workers. It is presently being organised in Sydney by co-operative workers on a voluntary basis.

Topics to be discussed:

- Undoubtedly, some workers will lack a knowledge of the principles and practice of worker co-operatives. They are now facing all the responsibilities in decision-making on their worker co-operative.
- It is known that in many meetings, the workers often leave the decision-making to a few vocal members.
- Communication between workers in many co-operative work places is also often not well enough formalised.
- The rules of many co-operatives do not clearly state rights and obligations, nor are the conditions of membership clearly defined.

These are some of the problems which need to be ironed out in the co-operative workshop. The worker

co-operative movement is still young and inexperienced in Australia. Our workforce shall remain inexperienced so long as we attempt to proceed along on our own individual objectives and by trial and error. It is essential that we collectively cover our experiences and ideas under one roof now, not only for the benefit of ourselves, but for our co-operative and for our Movement.

Co-operative workers from both State assisted and non-State assisted co-operatives will stand to benefit from participating in this workshop. It is a great chance for all to meet others with similar ideas and similar problems. Hopefully, we will be able to increase enthusiasm throughout the movement and look to ways of expanding membership.

The workshop is being sponsored by the Association of Worker Co-operatives of NSW from its own independent resources. The management committee of the Association was elected by, and is representative of, worker co-operatives in NSW. One of its aims is to promote and develop the worker co-operative movement in Australia by such methods as the convening of

training and without a guarantee of work, is a betrayal of the co-operative. Refusing to train members and to acquaint newcomers with the co-operative idea is a betrayal of the spirit of co-operation.

Some people say, "Why bring people into the co-op who are unable — or unwilling — to contribute anything to it?"

Naturally there's no question of forcing any workers to become members against their will. But let's not develop too far, lines of reasoning which would transform the co-op into a tiny group of aristocrats. A worker co-op is not an exclusive club; it is a republic of producers. Everyone who contributes his labour is already unwittingly co-operating since his is "working with" his member colleagues. It is up to us to make him aware that he has one more step to go to pass from the state of being a "chance co-operator" to that of the "voluntary associate co-operator". No one is born a co-op member. We have become members thanks to the example and explanations of others. We, in turn, should pass on this service. If a co-op does not produce members it ceases to be a co-op.

cont'd from page 2

benefits but, above all, they are all potential members following a course leading to membership.

When this healthy concept has been ignored, two opposing tendencies have always jeopardised the existence of co-ops.

The first is the restricting of the co-op to the small team of founder members. A handful of members end up making a far greater number of auxiliaries work for them and refuse to let them join the co-op.

The second is the automatic, compulsory integration of workers who have not been adequately prepared for their role as members or properly informed of the concomitant obligations.

In the first case the co-op chokes to death; in the second it collapses through incoherence.

What is the right way to recruit? Each member, especially one who has been instructed on how to do so, can recognize, among his workmates, those who by their cast of mind, vocational qualities and characters are best suited to become future members. He can prepare them for this role by means of friendly discussions. If the co-op workforce agrees, these discussions will be complemented by more systematic presentations of all the co-op's problems.

After such selection and preparation membership applications can be welcomed unreservedly, for they will be coming from people who are fully aware of their responsibilities and aspirations.

For its part the Confederation of Worker Co-operatives has devised training sessions called "initiation into the co-op movement". These sessions are open to future associates as well as those who have just become members. They are organized by the Confederation's regional sections.

By means of the practical training acquired from within the co-op and also the slightly more theoretical training acquired during these sessions new co-op members prepare themselves for an active role in the co-op instead of being just extras.

Given that in most cases it is practically impossible for a Worker Co-op to employ only members, is it possible to specify a ratio of members to non-members?

There is no single answer because, in fact, there are only individual cases.

In a real co-op everyone who works permanently, who can be guaranteed a stable job and who possesses the necessary moral and vocational qualities should be a member. This answer is vague but is the only honest one. Wanting to make people into members at all costs, without prior

workshops, dispersing information and providing resources and opportunities for people looking to own their own jobs and to take some control over their own places of work.

- If you wish to assist us in the organisation of this workshop ...
- if you want to make a contribution at the workshop ...
- if you have any ideas or enquiries ...

please do not hesitate to telephone:

Amanda Ryan (02) 267 9406, 267 8948 (business hours)
Tony Kee (02) 331 2606, 33 5381 (after 2pm)
David Sanders (02) 997 1975 (after hours)

NOTE: If you cannot attend the workshop, but are interested in becoming an Associate Member of the Association (\$11, including 1 share plus annual subscription to this magazine) please contact us. Members' handbooks: 'Worker Co-operatives: An Introduction' also available at \$1.50 each.

WORKER CO-OPERATIVES: A PROFILE

(from the *International Co-operative Alliance (I.C.A.)*)

The ICA's policy is to encourage the formation and promotion of workers' co-operatives in as many areas as possible. The ICA Auxillary Committee: International Committee of Workers' Co-operatives, Productive and Artisanal Societies addresses itself particularly to the promotion of workers' co-operatives all over the world. So long as a group of workers assemble and agree together to undertake productive activities within the framework of co-operative principles, and is legally registered, such an enterprise may be termed a workers' co-operative. The worker, work and application of co-operative principles are however, central to workers' co-operatives.

Workers' co-operatives carry the potential to mobilise local resources of people, money, material and technology and channel energy into productive purposes.

The importance of workers' co-operatives, stems from the fact that they:

- create employment;
- own the means of production and thereby participate in the decision-making process;
- share the fruits of their labour;
- add to the Gross Domestic Product and the nations economic growth;
- contribute to economic and social development within the frame work of the country's political philosophy;
- the process is as important as the progress.

Workers (members) become responsive and responsible citizens as a result of their membership of co-operatives.

There are about 42,000 workers' co-operatives with 5.5 million industrial worker members affiliated to ICA. Together their turnover is a little over \$10 billion. This constitutes about 6.3% of co-operatives, 1.7% of all members and 3.6% of total turnover of all co-operatives affiliated. The growth, however, is not even, as may be seen from Table 1.

Viewed against the high percentage of unemployment and underemployment, and low economic growth and low per capita income in the developing countries, the above data reveals the uneven development of workers' co-operatives in different parts of the world. The workers' co-operatives in Asia are lagging behind considerably for want of managerial and other skills needed for a better growth.

In the industrial countries, the workers' co-operatives have considerable scope to expand and absorb as many as possible of the 5% to 7% of work-force unemployed, and secure a greater share in the total GDP. Except in a few countries, there is no State policy to develop workers' co-operatives in a planned manner. Once developed on these lines, workers' co-operatives could become a force in themselves and not only contribute to national development but also stimulate other agencies such as private and public sector enterprises to comparable performances.

S. Dandapani
ICA

Table 1

Number of Workers' Co-operatives

Area	Societies	%	Members	%	T.O. % in 1974 in US \$ 1000	%
Asia	29,764	70.85	3,083,184	55.95	600,011	5.89
Africa	1,298	3.09	94,536	1.72	34,079	0.33
America	358	0.85	23,435	0.43	94,486	0.93
Europe	10,593	25.21	2,308,883	41.90	9,466,964	92.85
Oceania/Australasia	—	—	—	—	—	—
Total	42,013	100.00	5,510,038	100.00	10,195,540	100.00

Table 2

Average (1974)

	Number of Members per Society	Turnover per Member in US \$	Turnover per Society in US \$
Asia	1,036	194	20,159
Africa	73	360	26,255
America	65	4,032	263,927
Europe	218	4,100	893,670

PILLARS OF WISDOM

A Training and
Education Column

EDUCATION IN WHAT?

The basic process in practical education as a member of a worker co-operative is developing **knowledge** (knowing what) and **skill** (knowing how). But what areas of knowledge and skill will help a worker member become an active participant in the activities of his or her co-op?

There are three main areas of knowledge and skill required:

(a) Co-operative and organisational, (b) business and commercial and (c) specific job skills. Let's look at each of these separately:-

(a) Co-operative and organisation knowledge and skill

It is vital for every member and potential member of a worker co-operative to have a basic understanding of what co-operatives are; how they are different from other forms of organisation and what worker co-operatives are. A member should also know what his or her rights as a member of the co-operatives are, and what responsibilities and duties he or she owes to the co-op. This sort of knowledge of the basic "rules" of co-operation will go a long way to preventing conflicts between individual members and the co-op as a whole — if people know and understand the "system" they're working in, there is far less chance of misunderstandings occurring.

Closer to home, members should have a good knowledge of how **their** co-op works — what its basic philosophy is, what Rules it operates under (its "constitution"), what its aims are and how it is going about achieving these aims.

Since the basis of any co-op is a **group** of people, **group skills** are important for people working in co-ops. These skills range from the ability to get on with your fellow worker members in a democratic working environment, to the more formal skills of meeting procedures (the best way to avoid being "snowed" in meetings is to understand how meetings work), and the skill of organising yourselves as a group for group action.

On a broader level, the co-op group should develop their understanding of the way that organisations work to be able to structure their organisation to meet as many of the needs of individuals as possible, at the same time minimising conflict within the group. If conflict **does** arise, members of the group should be organised to deal with it **constructively** by being prepared for it in advance.

If every member has a pretty good understanding of these issues, and is constantly trying to develop his or her skills in the co-op and organisational area, the chances of the co-op succeeding **as a co-op** will go up dramatically.

(b) Business and commercial knowledge and skill

As owners, and (through their elected representatives) controllers of their co-op, worker members need at the very least a reasonable level of understanding of the way that business works. If they don't have this understanding, they will not be able to participate in the business decision making of the co-op, and will as a result lose control to non members.

This **doesn't** mean that every member should be learning to become a business "whizz-kid" — what is needed is for people to have a basic understanding of the issues involved in making business decisions, whether they are decisions about starting a new enterprise, raising finance, marketing strategies, or policies about workers' pay and conditions. An understanding of the issues, and a belief in his or her own commonsense, should give a member the confidence to contribute what he or she can to the co-op's business decisions.

Moreover, a business made up of people who have a real knowledge of what makes their business tick, and how they as workers in the business can contribute to its success, has a head start over ordinary privately owned business.

To be continued in the next issue "Job Skills".

Association of Worker Co-operatives of N.S.W.

The Association will be organising the Annual State Worker Co-operatives Conference at the end of August (Friday and Saturday the 28th and 29th). Official notification will be forwarded to each Co-operative which will include a request for suggestions on items for inclusion on the Agenda.

The Conference format will depart from that used previously. Each session (which will be presented by various people depending on topic) will be followed by a questions and answers period. Small workshops will consider individual topics and they will have the opportunity to summarise their points to the next general meeting, at which time a consensus of opinion will be sought.

The final Agenda for the Conference will be forwarded on 14th August, 1981. Minimum representation from each Co-op must be one Board representative, (preferably the Chairperson) one worker and one Development Officer.

An emphasis will be placed on the fact that this is the final year of Government Assistance. It is essential that Worker Co-operatives take this opportunity to plan policies, discuss views and elect representatives to the Development and Submission Review Committees for this crucial final year.

"Pathways to the Future — Worker Co-operatives in N.S.W."

A short colour video (13 minutes) has been produced by the N.S.W. Film Corporation to highlight the Worker Co-operative Programme in N.S.W. It covers a number of the businesses developed, as well as funding and training processes and the general philosophical base. There is much commentary from co-operative workers and managers on what their co-ops mean to them, how they have worked and what the future may bring.

If you wish to hire or purchase this video, please contact Malcolm Rodgers on (02) 267 9406.

Financing Worker Co-operatives

(Continued from last issue)

Government loans should be seen as a form of internal financing as they replace or subsidise the members ability to invest in the co-operative or to borrow from external sources. However, the problems of financing co-operatives with direct grants have been well documented throughout the world. These especially include negative effects on:

- (i) co-operative self help
- (ii) initiative and self reliance
- (iii) the sense of self achievement
- (iv) attaining true independence
- (v) real member control and commitment
- (vi) careful management.

Grants to co-operatives often lock them into external (often political) policies and usually accelerate development at the price of viability and stability.

POINT 2: Only worker co-operatives which really incorporate the self help principle can be expected to fulfil their objectives. For this reason, grants made to individual co-operatives should be viewed as being for early developmental purposes only.

Registered worker co-operatives can borrow money from any external financial source they want whether they are 'self-sufficient' in relation to Government funding, or not. In practice however worker co-operatives, unless

they have a strong capital base and have a history of, and plan for, growth have not been able to borrow from conventional sources. Banks especially find it difficult to assess the risk of a loan to worker co-operatives because:

- (i) they are not owned by individual entrepreneurs
- (ii) the directors with whom they would be dealing in any financial transaction, can be dismissed by worker owners
- (iii) they have broad social objectives as well as business objectives on which to evaluate efficiency.

In most countries, therefore, for most worker co-operatives, the best sources of capital usually come from within the movement. This is usually a movement controlled co-operative bank set up via Government Legislation (and sometimes finance) which is sensitive to the needs of co-operatives and more understanding in assessing their risk. Close links with a co-operative support organisation (e.g. Federation or Co-operative Union) often provides the applicant worker co-operative with the requirements for confident appraisal by the Co-operative Bank. Indeed, worker co-operatives which remain outside of the interdependent support provided by the movement and its centralised management support services are usually too vulnerable to survive for long.

Co-operative Banks also have important advisory functions not usually found elsewhere e.g.

- (i) how a worker co-operative can organise all its capital in order to present a case successfully
- (ii) being more sensitive to co-operative structures, they can assess the risk of lending more accurately, and consequently provide better advice (this is required as worker co-operatives can be regarded as high risk, as is most small business.)
- (iii) choice of terms of loan e.g. short term — up to 2 years, medium term 2 — 7 years and long term 8 — 15 years with interest rates usually lower than elsewhere
- (iv) leasing, guaranteeing and other facilities can be offered (usually via subsidiaries).

In France, most commonly, loans are in the 5 to 7 year period especially for equipment for new co-operatives, with requirements for security on loans the same as other banks (e.g. mortgages, first call on assets etc.). A Co-operative Bank will make an effort to find security for a labour intensive co-operative with few assets but good prospects. Funds are also lent to co-operatives being converted from private enterprise firms.

Loans are made on the assessment of risks with other factors being taken into account e.g. 50% of risk is thought to be dependent on:-

- (i) the history of the co-operative
- (ii) its commercial position
- (iii) its methods of operation
- (iv) the quality of its management
- (v) technical aspects
- (vi) the means of production (age of machinery, layout)
- (vii) the 'social climate' i.e. social history, democratic organisation.

The other 50% is dependent on financial factors e.g.:-

- (i) financial analysis involving the presentation of 2 to 4 years forecast
- (ii) investment programme
- (iii) profit and loss accounts for last 3 years
- (iv) history of growth
- (v) availability of working capital
- (vi) existence of overdraft, credit and shareholder funds.

It is generally acknowledged that in France the existence of the 'Co-operative Bank' has strongly influenced the size of the movement and strengthened sections of industry where worker co-operatives are important, such as the building industry.

POINT 3: If the availability of external capital is limited, worker co-operatives will not be encouraged in the long term to be anything but

- (i) small and isolated
- (ii) labour intensive
- (iii) operating in industries where technological change is slow, where markets are steady and where Trade Unions are not opposed to the payment of lower rates to members compared with normal rates in the industry.

It is only where co-operative controlled credit institutions are available that conditions become favourable to substantial growth in size of co-operatives and number of co-operatives. The establishment of a Co-operative Bank should be a prime aim of the Work Co-operative movement in Australia.

Other aims (outside of financing) which have a bearing on the present system of support to worker co-operatives and which are relevant to their growth and success are:

- (i) Tax concessions for Worker Co-operatives
- (ii) More relevant Co-operative legislation for Worker Co-operatives
- (iii) The provision of State contracts to Worker Co-operatives.

Co-operative Education Course (cont)

Why and how to participate in a general meeting?

Before we can look at the ways in which a member should participate in a general meeting, we have to try to find out, what a general meeting is and what importance it has for the life of a co-operative society. It will then be necessary to define the rights a member has in a general meeting.

As in many games and in all professions, the one who knows the rules of the game or the secrets of the craft or trade, can succeed and can dominate over others who are ignorant.

The same is true for members in a co-operative. If you do not know the role the general meeting plays in the life of the society, if you do not know the rules according to which such a meeting is run and **if you do not know your rights and how to use them in a general meeting, then you are bound to be dominated by those who know** all this.

1. What is a general meeting?

The general meeting of members is commonly referred to as the **supreme authority within the co-operative**. This means that **the general meeting has the final say in every important matter of the co-operative** and that it is superior to all office-bearers of the co-operative who, in other words, are subject to the control exercised by the general meeting of members. All matters of major importance are discussed and put to vote in the general meeting.

2. Majority vote

We have seen in previous Chapters that a co-operative is a democratic organisation, in which **all members have equal rights and are of equal importance**. Furthermore, we know that a co-operative should only do things that are in the interest of its members.

Therefore one could believe that a co-operative should only do things to which all members have agreed. This would mean that a co-operative should only act in such a way as all members have unanimously agreed upon.

This would be ideal because every act of the co-operative would in effect be in the interest of all members. But is this practicable?

You know from your own experience that where a group of people meet and discuss, they are hardly ever all of the same opinion. There are always some who are easy to convince, some who tend to agree to a compromise and some who always disagree. So, if you would insist that the whole group of members of a co-operative should unanimously agree to every action before it can be undertaken by the co-operative, then a single member could — by disagreeing — make a

decision of all the other members of the co-operative impossible to carry out.

Therefore the lawmakers have made it a rule that **in decisions in general meetings the majority of votes shall prevail** and the minority has to follow the majority decision. In other words: **If the majority of members in a general meeting decides on a matter, this is considered to be a decision of the co-operative, binding all members** including those who vote against the decision or who did not vote at all.

3. The rules of the quorum

The name "general meeting of members" might lead you to believe that it is a meeting at which all members of the society have to be present. If this were so, again one single member who decided not to attend the general meeting could make it impossible for all the other members to form a full general meeting and thus no decisions could be taken at all. In order to cope with this kind of difficulty, the lawmakers had to find a compromise between two things:

- a) A co-operative is formed in order to promote the interest of all its members. Therefore, as many members as possible should be present in a general meeting, to express their views and to cast their votes, in order **to safeguard that the co-operative acts as much as possible in conformity with the interest of all members**. In the ideal case all members should be present at all general meetings.
- b) If a co-operative is to function properly, **certain decisions have to be taken regularly at general meetings**, e.g.: Election of office-bearers, approval of financial statements etc. It is therefore essential for the life of every co-operative that these decisions are in effect taken by the general meeting **without delay**.

Can you guarantee this if you insist that all members of a co-operative have to be present at every general meeting?

From your own experience you know how difficult it is to bring a large group of people together at a given time in a given place. If you call a general meeting at a fixed date, some members may be sick, some may be tied up with urgent personal matters, some may have forgotten the date of the meeting and some may just be too lazy to go.

Therefore the law-makers have introduced the rules of the **quorum**:

This means: **A certain minimum number of members has to be present at a meeting in order to make this meeting a "general meeting of members"** at which points on the agenda may be discussed and decided validly by majority vote, thus binding all the members of the

co-operative, whether they are present or not.

The idea behind this rule is the following:

If the attendance of a general meeting is less than the minimum number (quorum) fixed in the law or in the Rules, then this meeting is not considered to be a general meeting authorized to decide matters on behalf of all members of the co-operative. **A meeting at which a quorum is not reached has to be adjourned** and has to be summoned again at a later date.

In order to safeguard that valid decisions can be taken at general meetings, even if only a certain percentage of the total membership or a fixed number of members are attending, **the law sets a limit below which attendance may not fall, but above which even a small number of active members may validly decide in the name of the whole group**.

In the light of this we have to go back again to the question of majority vote. Decisions at a general meeting (where the members present form a quorum) are normally taken by a simple majority of members present and voting.

4. Your rights at general meetings

If we now look at the rights you have as a member, we can state that **some of your most important rights can be exercised only in connection with a general meeting**.

Some of these rights are:

- to attend the general meeting,
- to elect or to dismiss office-bearers of your co-operative,
- to require information on matters concerning the co-operative,
- to approve or to reject the financial statements and the balance sheets presented by the board of directors,
- to participate in the making of plans and policies for the future of the co-operative,
- to approve or reject the estimates of income and expenditure of the Co-operative for the following year,
- to vote on any other matter brought before the general meeting for decision.

You have the right to decide on all these important matters of the co-operative and your vote counts as much as the vote of every other member.

However, you can exercise this right only at the general meeting. In other words, **if you do not attend general meetings, you do not use your chance to determine with your vote the way in which your co-operative is run. You allow others to decide what will be done in your co-operative and the decisions of others are binding you, whether you like it or not.**

5. The importance of calling a general meeting in the correct way

If you want to attend general meetings and to exercise your membership rights, **it is essential for you to know in advance at what date and place the meeting will be held**. Therefore the **Rules have to state very clearly who may summon a general meeting and in which way a general meeting has to be called**.

If a mistake is made in calling a general meeting e.g.: You have not been informed on the right date and place of the meeting or you have not received the agenda of the forthcoming general meeting, **you may contest the whole general meeting and all decisions taken thereat**, as being not in conformity with the law and with the Rules and therefore void.

6. The position of the chairperson

At a general meeting the chairperson has the final say in all matters of procedure. He or she decides who has the right to talk and when this right is withdrawn from a member. He/she has the right to end the discussion and to put a matter to vote. The detailed regulations according to which a general meeting is to be conducted are laid down in the Rules or in standing orders.

7. The agenda

As a rule, only such business may be put to vote in a general meeting that has been included in the agenda of this meeting.

If you want a certain question of general interest to be discussed and put to vote at a general meeting, **you can file a written request to the board of directors and ask that your point should be included in the agenda**. However, this right can only be enforced if a certain percentage of all members of the co-operative support your suggestion and thereby prove that your point is of common interest.

8. Summary

We now have reviewed why and how you should participate in general meetings and you will agree from what has been said that **only those who know something about the matters that are put to vote, can make full use of their chance to participate in decision-making**. You should, therefore, try to inform yourself and to study as much as possible all matters related to the work of your co-operative, in order to be capable of taking the right decisions in general meetings.

In the next and last chapter we shall consider the duties and responsibilities of office-bearers, another field that every member should know in order to exercise his or her right of democratic control in a purposeful way.

THE MARKET PLACE

Should any Co-operative have goods, equipment or services for sale you can use this section to advise other Co-operatives or interested parties of details, price, conditions and contact address. Copy to be supplied by the fifteenth (15th) of each month.

STOP PRESS

Sydney city display area announced by Advisory Unit.

Located at 265 Castlereagh street.

Three display areas totalling 7.5sqm. are now available for display of products and services.

We want colour or b&w photos with product commentary & pricing details for your share of this display.

WANTED

IN GOOD CONDITION a manual or electric typewriter

YES, CHEAP

Contact JOY OVERS
CROW ENTERPRISES
WAGGA (069) 215225
Rear 5 Railway Street
Wagga 2650

CONTRIBUTIONS

REMEMBER:-

You are invited to contribute to your newsletter. Yes! you should see this as your newsletter. You should regard it as a means of communicating your ideas and ideals to other Co-operatives. Contribution from 1500 — 2000 words on a topic concerning co-operatives will be published. also letters or interesting asides. All photos to be B & W. Editorial Board has right of reply.

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Printed by:
Auburn Work Collective

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